

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**COMMAND AUDIT OF
MERCED AREA**



FINAL REPORT

FEBRUARY 19, 2010

M e m o r a n d u m

Date: February 19, 2010

To: Office of the Commissioner
Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13709.010

Subject: FINAL 2009 COMMAND AUDIT REPORT OF MERCED AREA

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* §2440, issued by the Institute of Internal Auditors, Government Code §13887(a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2009 Command Audit Report of the Merced Area. The audit focused on the command's Driving Under the Influence and Asset Forfeiture Programs.

The audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. The Merced Area agreed with all of the findings and plans to take corrective action to improve its operations.

Merced Area will be required to provide a 30 day, 60 day, six month, and one year response on its corrective action plan implementation. If identified issues are resolved and addressed during any phase of the above reporting period, no future action is required on their behalf. Also, the Office of Inspections plans on conducting a follow-up review within one year from the date of the final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code §13887(a)(2), this report, the response, and any follow-up documentation is intended for the Office of the Commissioner; Office of the Assistant Commissioner, Field; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Central Division; and the Merced Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code §6250 et seq.

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Furthermore, in accordance with the Governor's Executive Order S-20-09 to increase government transparency, the final audit report, including the response to the draft audit report, will be posted on the CHP's internet website, and on the Office of the Governor's webpage, located on the State's Government website.

The Office of Inspections would like to thank Merced Area's management and staff for their cooperation during the audit. If you need further information, please contact Captain Ernie Sanchez at (916) 843-3160.

A handwritten signature in black ink, reading "M. C. A. Santiago". The signature is written in a cursive, flowing style.

M. C. A. SANTIAGO, CIG
Assistant Commissioner

cc: Office of the Assistant Commissioner, Field
Central Division
Merced Area
Office of Legal Affairs
Office of Inspections, Audits Unit

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

COMMAND AUDIT OF MERCED AREA

OFFICE OF INSPECTIONS, AUDITS UNIT

FEBRUARY 19, 2010

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Consistent with the California Highway Patrol's (CHP) 2009 Audit Plan, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the Merced Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to improve the efficiency and/or effectiveness of departmental operations.

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs. Additionally, this audit will provide managers with reasonable, but not absolute, assurance that departmental operations are being properly executed. The audit scope period was from January 1, 2008 through January 31, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period of July 1, 2008 through January 31, 2009. The audit included a review of existing policies and procedures, as well as, the examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices.

Sample selection for this audit was primarily random. However, if a judgmental sample was necessary, the auditor selected accordingly. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command. The audit field work was conducted from February 2 - 4, 2009.

Based on the review of the Merced Area's operations, this audit revealed the Merced Area has complied with most operational policies. However, some issues were observed. The following is a summary of the identified issues:

DUI Cost Recovery Program

- The command did not always ensure the accuracy of their DUI Cost Recovery Program documents.
- The command did not always submit DUI Cost Recovery Program billing packages to Fiscal Management Section timely.

Note: It is the Office of Inspections' opinion that the finding related to ensuring the accuracy of their DUI Cost Recovery Program documents is of high risk to the CHP.

Please refer to the Findings and Recommendation section for detailed information.

According to the command's records, the command has not initiated or participated in any asset forfeiture cases since 2003.

AUDIT REPORT

INTRODUCTION

To ensure the California Highway Patrol's (CHP) operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections, Audits Unit, to perform an audit of the Merced Area.

The CHP's 2008-2010 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

OBJECTIVE AND SCOPE

The objective of the audit is to determine if the command has complied with operational policies and procedures regarding the Driving Under the Influence (DUI) Cost Recovery and Asset Forfeiture Programs that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was from January 1, 2008 through January 31, 2009. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the period July 1, 2008 through January 31, 2009. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from February 2 - 4, 2009.

METHODOLOGY

Under the direction by the Office of the Commissioner, each command was randomly selected to be audited regarding its DUI Cost Recovery and Asset Forfeiture Programs. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command.

There were no prior audit reports and findings of this command.

OVERVIEW

DUI Cost Recovery Program: The command was compliant with most state laws and departmental policies and has adequate internal controls regarding the DUI Cost Recovery Program. However, the command did not always ensure the accuracy of their DUI Cost Recovery Program documents and did not always submit DUI Cost Recovery Program billing packages to Fiscal Management Section timely.

Asset Forfeiture Program: The command has not had an Asset Forfeiture case since 2003.

This audit revealed the command has adequate operations, nevertheless, issues were discovered, which if left unchecked could have a negative impact on the command and CHP operations. These issues should be addressed by management to maintain the command's compliance with appropriate laws, regulations, policies, and procedures. The findings and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.

FINDINGS AND RECOMMENDATIONS

DRIVING UNDER THE INFLUENCE (DUI) COST RECOVERY PROGRAM

FINDING 1: **The command did not always ensure the accuracy of their DUI Cost Recovery Program documents.**

Condition: From July 1, 2008 to January 31, 2009, the command generated 96 Incident Response Reimbursement Statements, CHP 735. The auditor randomly selected 48 DUI Cost Recovery billing packages for review. Based on the review, the auditor determined the hours billed on 46 or 96% of the 48 CHP 735 forms did not reconcile to the associated Daily Field Report, CHP 415, because the officers did not itemize hours on the CHP 415 forms. Additionally, 46 or 96% of the 48 DUI Cost Recovery billing packages revealed that the offender's names and court case numbers were not included on the CHP 415 form. However, during the audit field work, the auditor noted the command took immediate action to resolve these issues.

Criteria: Government Code Section 13403(a)(3), (4), and (6) says the elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to, the following: A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures; an established system of practices to be followed in performance of duties and functions in each of the state agencies; and an effective system of internal review.

Highway Patrol Manual (HPM) 11.1, Administrative Procedure Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4.e.(2)(c) states:

“The number of staff hours charged on the CHP 735, Incident Response Reimbursement Statement, must agree with the appropriate CHP 415, Daily Field Record. Area offices must be able to verify the hours claimed on the CHP 735, Incident Response Reimbursement Statement, when offenders challenge the hours billed. If an Area office cannot substantiate the hours billed, the Department cannot recover incident costs. In order to reconcile the hours, please ensure the following information is included:

- 1 Offender's name and court case number shall be included on the CHP 415, Daily Field Record.
- 2 When time recorded under a specific category (e.g., Accident Investigation, Partner Assist, Response Time) on the CHP 415, Daily Field Record, includes more than one activity, indicate the billable DUI time in the Notes portion on the CHP 415, Daily Field Record.”

Recommendation: The command should verify the number of staff hours claimed on the CHP 735 with the corresponding CHP 415 to substantiate the hours billed. In addition, the command should include the offender's names and court case numbers on the CHP 415 forms.

FINDING 2: **The command did not always submit DUI Cost Recovery Program billing packages to Fiscal Management Section (FMS) timely.**

Condition: Based on a review of 48 Incident Response Reimbursement Statement, CHP 735 forms, only 5 or 10% of the DUI Cost Recovery billing packages were not submitted to FMS within ten business days.

Criteria: HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4.b.(1) states:

“Completed CHP 735s, Incident Response Reimbursement Statements, based on Section A (refer to Annex B) shall be forwarded to Fiscal Management Section (FMS), Reimbursable Services Unit, within ten business days of one of the following dates:

- (a) The date BAC results of .08% or greater are received.
- (b) The date BAC results of .04% or greater are received for a commercial driver.”

HPM 11.1, Administrative Procedures Manual, Chapter 20, DUI Cost Recovery Program, paragraph 4.b.(2) states:

“Completed CHP 735s, Incident Response Reimbursement Statements, based on Section B (refer to Annex C) shall be forwarded to FMS, Reimbursable Services Unit, within ten business days of the notification of a conviction of CVC Sections 23152, 23153, or greater offense as a result of one of the following:

- (a) In the case of a refusal.
- (b) An arrest for drugs only.
- (c) A BAC of less than .08%.”

Recommendation: The command should comply with departmental policy to submit timely DUI Cost Recovery billing packages to FMS.

CONCLUSION

Based on the review of the command's operation, this audit revealed the command has adequate operations. However, some issues were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would operate in accordance with departmental policies and procedures.

ANNEX

A

M e m o r a n d u m

Date: December 10, 2009

To: Office of the Assistant Commissioner, Inspector General

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Central Division

File No.: 401.11497.17497.ACIG-460.doc

Subject: **MERCED AREA COMMAND AUDIT: DUI COST RECOVERY PROGRAM
AND ASSET FORFEITURE PROGRAM**

Attached is a memorandum submitted by Merced Area Acting Commander, Lieutenant Chaty. This memorandum identifies corrective measures taken by Merced Area in response to the DUI Cost Recovery Program and Asset Forfeiture Program inspections by the Office of the Assistant Commissioner, Inspector General, on February 2, 2009 through February 4, 2009. Central Division has reviewed Lieutenant Chaty's memorandum and concurs with the corrective action taken by the Merced Area.

If there are any questions, please contact Lieutenant Jason Elsome at (559) 277-7250.



J. R. ABRAMES, Chief

Attachments

cc: Office of the Assistant Commissioner, Field
Merced Area

Safety, Service, and Security

ANNEX

B

M e m o r a n d u m

Date: December 8, 2009

To: Central Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Merced Area

File No.: 460.11702.12344

Subject: **WRITTEN DISPOSITION TO 2009 COMMAND AUDIT: DUI COST
RECOVERY PROGRAM, AND ASSET FORFEITURE PROGRAM**

On October 28, 2009, Merced Area received a 2009 Draft Command Audit Report from the Office of the Assistant Commissioner, Inspector General. The audit, which was conducted during February 2, 2009, through February 4, 2009, focused on Merced Area's DUI Cost Recovery Program and Asset Forfeiture Program. As a result of the audit, two audit issues were identified. Area was responsive to the findings by the auditor and took direct measures to correct deficiencies found during the audit. On February 5, 2009, Area management, the Special Duty Supervisor, and the Court Liaison Officer met to develop an action plan for addressing the identified issues. The following action plan addresses the findings:

- Finding #1 (Agree): The command did not always ensure the accuracy of their DUI Cost Recovery Program documents. Specifically, out of 48 billing packages, 46 did not have itemized hours on the officer's CHP 415s, therefore the CHP 735 forms could not be reconciled. Additionally, the offender's names and court case numbers were not included on the CHP 415s.

Corrective action: Area management concurs with this finding and assumes responsibility for this oversight. Area has taken the following measures to ensure proper completion and submission of the CHP 735 billing packages.

1. Area's Court Liaison Officer revised Area's CHP 735 submission cover sheet to assist in the review process.
2. A briefing item which included a properly completed example of a CHP 415 and CHP 735 was placed into Area's briefing book.
3. Training was provided to Area Officers during the month of March to ensure uniformity in the documentation of the CHP 735 and entries on the CHP 415.
4. Area supervisors will review all CHP 415s for itemized billing accuracy.

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- Finding #2 (Agree): The command did not always submit DUI Cost Recovery Program billing packages to Fiscal Management Section (FMS) timely. Specifically, out of 48 billing packages, 5 were not submitted to FMS within ten business days.

Corrective action: Area management concurs with this finding and assumes responsibility for this oversight and has taken the following measures to ensure focused review, timely submission and mailing of completed CHP 735 billing packages to FMS.

1. Area supervisors are ensuring the completed CHP 735 packages are attached to DUI reports and flagged for submission by the Court Liaison Officer.
2. Once received, the CHP 735 is immediately processed by the Court Liaison Officer and provided to the supervisor for review and signatures. The Court Liaison Officer then provides the CHP 735 Billing Package to clerical staff for mailing to FMS.
3. Training was provided to Area Officers during the month of March to ensure an emphasis was placed on the timely submission by field personnel.

Merced Area continues to place an emphasis on the identified issues and submits this response for your review and approval.



M. C. CHATY, Lieutenant
Acting Commander